

## OFFICERS

## OTHER

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

a. Is this an original filing? ..... Yes [ ☐ ] No [ ☐ ]

b. If no,

1. State the amendment number.....

2. Date filed .....

3. Number of pages attached.....

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	1,160,632		1,160,632	1,108,641
2. Stocks (Schedule D):				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....(181,860) , Schedule E - Part 1), cash equivalents (\$ ..... , Schedule E - Part 2) and short-term investments (\$ .....750,751 , Schedule DA) .....	568,891		568,891	388,095
6. Contract loans, (including \$ ..... premium notes) .....			0	0
7. Other invested assets (Schedule BA) .....			0	0
8. Receivables for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	1,729,523	0	1,729,523	1,496,736
11. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
12. Investment income due and accrued .....	16,065		16,065	24,841
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	207,366		207,366	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
13.3 Accrued retrospective premiums .....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....			0	0
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset .....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....			0	0
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....			0	0
22. Health care (\$ .....1,806,861 ) and other amounts receivable .....	1,806,861	0	1,806,861	1,845,791
23. Aggregate write-ins for other than invested assets .....	1,195,787	1,195,787	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	4,955,602	1,195,787	3,759,815	3,367,368
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
26. Total (Lines 24 and 25)	4,955,602	1,195,787	3,759,815	3,367,368
DETAILS OF WRITE-INS				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Due from University of Michigan .....	1,087,735	1,087,735	0	0
2302. Prepaid Expenses .....	357	357	0	
2303. Prepaid Capitation .....	107,695	107,695	0	
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	1,195,787	1,195,787	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ .....0 reinsurance ceded) .....	1,806,861		1,806,861	1,143,008
2. Accrued medical incentive pool and bonus amounts .....			0	0
3. Unpaid claims adjustment expenses.....	26,408		26,408	34,734
4. Aggregate health policy reserves.....			0	0
5. Aggregate life policy reserves.....			0	0
6. Property/casualty unearned premium reserves.....			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance.....			0	0
9. General expenses due or accrued.....	52,617		52,617	47,597
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) .....			0	0
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable.....			0	0
12. Amounts withheld or retained for the account of others.....			0	0
13. Remittance and items not allocated.....			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current).....			0	0
15. Amounts due to parent, subsidiaries and affiliates.....	0		0	105,316
16. Payable for securities.....			0	0
17. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers and \$ .....0 unauthorized reinsurers).....			0	0
18. Reinsurance in unauthorized companies.....			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
20. Liability for amounts held under uninsured plans.....			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... current).....	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	1,885,886	0	1,885,886	1,330,655
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX		
25. Preferred capital stock.....	XXX	XXX		
26. Gross paid in and contributed surplus.....	XXX	XXX	1,750,000	1,750,000
27. Surplus notes.....	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
29. Unassigned funds (surplus).....	XXX	XXX	123,929	286,713
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 \$ ..... ).....	XXX	XXX		
30.2 ..... shares preferred (value included in Line 25 \$ ..... ).....	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30).....	XXX	XXX	1,873,929	2,036,713
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	3,759,815	3,367,368
DETAILS OF WRITE-INS				
2101. ....			0	0
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198)(Line 21 above)	0	0	0	0
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	XXX	XXX	0	0
2801. ....	XXX	XXX		
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page .....	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898)(Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	213,963	209,527
2. Net premium income ( including \$ ..... non-health premium income) .....	XXX	34,131,561	34,721,256
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	0	0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX	0	0
5. Risk revenue .....	XXX	0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	(2,056,443)	(2,160,958)
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	32,075,118	32,560,298
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		22,094,104	22,452,737
10. Other professional services .....		1,381,601	1,572,314
11. Outside referrals .....			
12. Emergency room and out-of-area .....			
13. Prescription drugs .....		4,805,333	5,173,693
14. Aggregate write-ins for other hospital and medical .....	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts .....			
16. Subtotal (Lines 9 to 15) .....	0	28,281,038	29,198,744
<b>Less:</b>			
17. Net reinsurance recoveries .....			
18. Total hospital and medical (Lines 16 minus 17) .....	0	28,281,038	29,198,744
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ .....243,510 cost containment expenses .....		407,471	256,398
21. General administrative expenses .....		3,636,406	2,594,589
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....			
23. Total underwriting deductions (Lines 18 through 22).....	0	32,324,915	32,049,731
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(249,797)	510,567
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		149,684	83,960
26. Net realized capital gains (losses) less capital gains tax of \$ .....			
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	149,684	83,960
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
29. Aggregate write-ins for other income or expenses .....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	(100,113)	594,527
31. Federal and foreign income taxes incurred .....	XXX		
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(100,113)	594,527
<b>DETAILS OF WRITE-INS</b>			
0601. Quality Assurance Assessment Fee .....	XXX	(2,056,443)	(2,160,958)
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....	XXX	(2,056,443)	(2,160,958)
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....	XXX	0	0
1401. ....		0	0
1402. ....		0	0
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....	0	0	0
2901. ....			0
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	2,036,712	2,058,471
34. Net income or (loss) from Line 32 .....	( 100,113)	594,527
35. Change in valuation basis of aggregate policy and claim reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....		
39. Change in nonadmitted assets .....	(62,670)	(616,286)
40. Change in unauthorized reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0
48. Net change in capital & surplus (Lines 34 to 47) .....	( 162,783)	(21,759)
49. Capital and surplus end of reporting period (Line 33 plus 48)	1,873,929	2,036,712
DETAILS OF WRITE-INS		
4701. ....	0	
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance .....	33,924,195	34,721,256
2. Net investment income .....	146,663	114,496
3. Miscellaneous income .....	(2,056,443)	(2,160,958)
4. Total (Lines 1 through 3) .....	32,014,415	32,674,794
5. Benefit and loss related payments .....	27,617,185	29,265,876
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	4,047,183	2,824,336
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) \$ ..... net of tax on capital gains (losses) .....	0	0
10. Total (Lines 5 through 9) .....	31,664,368	32,090,212
11. Net cash from operations (Line 4 minus Line 10) .....	350,047	584,582
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	0	1,157,964
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	0	1,157,964
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	40,195	1,214,950
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	40,195	1,214,950
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(40,195)	(56,986)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied) .....	(129,055)	(869,731)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(129,055)	(869,731)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	180,797	(342,135)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	388,094	730,229
19.2 End of year (Line 18 plus Line 19.1) .....	568,891	388,094

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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.....		
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ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income .....	34,131,561							34,131,561					
2. Change in unearned premium reserves and reserve for rate credit .....	0												
3. Fee-for-service (net of \$ medical expenses) .....	0												XXX
4. Risk revenue .....	0												XXX
5. Aggregate write-ins for other health care related revenues .....	(2,056,443)	0	0	0	0	0	0	(2,056,443)	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6) .....	32,075,118	0	0	0	0	0	0	32,075,118	0	0	0	0	0
8. Hospital/medical benefits .....	22,094,104							22,094,104					XXX
9. Other professional services .....	1,381,601							1,381,601					XXX
10. Outside referrals .....	0												XXX
11. Emergency room and out-of-area .....	0												XXX
12. Prescription drugs .....	4,805,333							4,805,333					XXX
13. Aggregate write-ins for other hospital and medical .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts .....	0												XXX
15. Subtotal (Lines 8 to 14) .....	28,281,038	0	0	0	0	0	0	28,281,038	0	0	0	0	XXX
16. Net reinsurance recoveries .....	0												XXX
17. Total medical and hospital (Lines 15 minus 16) .....	28,281,038	0	0	0	0	0	0	28,281,038	0	0	0	0	XXX
18. Non-health claims (net) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 243,510 cost containment expenses .....	407,471							407,471					
20. General administrative expenses .....	3,636,406							3,636,406					
21. Increase in reserves for accident and health contracts .....	0												XXX
22. Increase in reserves for life contracts .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22) .....	32,324,915	0	0	0	0	0	0	32,324,915	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23) .....	(249,797)	0	0	0	0	0	0	(249,797)	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Quality Assurance Assessment Fee .....	(2,056,443)							(2,056,443)					XXX
0502. ....													XXX
0503. ....													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	(2,056,443)	0	0	0	0	0	0	(2,056,443)	0	0	0	0	XXX
0601. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. ....	0							0					XXX
1302. ....	0							0					XXX
1303. ....													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....				0
2. Medicare Supplement .....				0
3. Dental only .....				0
4. Vision only .....				0
5. Federal Employees Health Benefits Plan .....	0			0
6. Title XVIII - Medicare .....	0			0
7. Title XIX - Medicaid .....	34,135,842		4,281	34,131,561
8. Stop loss .....				0
9. Disability income .....				0
10. Long-term care .....				0
11. Other health .....				0
12. Health subtotal (Lines 1 through 11) .....	34,135,842	0	4,281	34,131,561
13. Life .....	0			0
14. Property/casualty .....	0			0
15. Totals (Lines 12 to 14)	34,135,842	0	4,281	34,131,561

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct .....	27,617,185							27,617,185					
1.2 Reinsurance assumed .....	0												
1.3 Reinsurance ceded .....	0												
1.4 Net .....	27,617,185	0	0	0	0	0	0	27,617,185	0	0	0	0	0
2. Paid medical incentive pools and bonuses .....	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct .....	1,806,861	0	0	0	0	0	0	1,806,861	0	0	0	0	0
3.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net .....	1,806,861	0	0	0	0	0	0	1,806,861	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct .....	0												
4.2 Reinsurance assumed .....	0												
4.3 Reinsurance ceded .....	0												
4.4 Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year .....	0												
6. Net healthcare receivables (a) .....	0												
7. Amounts recoverable from reinsurers December 31, current year .....	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct .....	1,143,008	0	0	0	0	0	0	1,143,008	0	0	0	0	0
8.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net .....	1,143,008	0	0	0	0	0	0	1,143,008	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct .....	0												
9.2 Reinsurance assumed .....	0												
9.3 Reinsurance ceded .....	0												
9.4 Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year .....	0												
11. Amounts recoverable from reinsurers December 31, prior year .....	0												
12. Incurred Benefits:													
12.1 Direct .....	28,281,038	0	0	0	0	0	0	28,281,038	0	0	0	0	0
12.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net .....	28,281,038	0	0	0	0	0	0	28,281,038	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct .....	0												
1.2 Reinsurance assumed .....	0												
1.3 Reinsurance ceded .....	0												
1.4 Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1 Direct .....	1,806,861	0						1,806,861					
2.2 Reinsurance assumed .....	0												
2.3 Reinsurance ceded .....	0												
2.4 Net .....	1,806,861	0	0	0	0	0	0	1,806,861	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct .....	0												
3.2 Reinsurance assumed .....	0												
3.3 Reinsurance ceded .....	0												
3.4 Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1 Direct .....	1,806,861	0	0	0	0	0	0	1,806,861	0	0	0	0	0
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	1,806,861	0	0	0	0	0	0	1,806,861	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical) .....					0	
2. Medicare Supplement .....					0	
3. Dental Only .....					0	
4. Vision Only .....					0	
5. Federal Employees Health Benefits Plan .....					0	
6. Title XVIII - Medicare .....					0	
7. Title XIX - Medicaid .....	970,738	26,646,447	7,661	1,799,200	978,399	1,143,008
8. Other health .....					0	
9. Health subtotal (Lines 1 to 8) .....	970,738	26,646,447	7,661	1,799,200	978,399	1,143,008
10. Healthcare receivables (a) .....					0	
11. Other non-health .....					0	
12. Medical incentive pools and bonus amounts .....					0	
13. Totals (Lines 9 - 10 + 11 + 12)	970,738	26,646,447	7,661	1,799,200	978,399	1,143,008

(a) Excludes \$ loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior .....					0	0	0	0	
2.	2002 .....									
3.	2003 .....					XXX	21,456	992		
4.	2004 .....					XXX	XXX	23,822	1,042	
5.	2005 .....					XXX	XXX	XXX	28,227	971
6.	2006 .....					XXX	XXX	XXX	XXX	26,646

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
						1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior .....					0	0	0	0	
2.	2002 .....									
3.	2003 .....					XXX	22,556			
4.	2004 .....					XXX	XXX	24,924		
5.	2005 .....					XXX	XXX	XXX	29,198	
6.	2006 .....					XXX	XXX	XXX	XXX	28,281

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2002 .....				0.0	0	0.0			0	0.0
2. 2003 .....	25,351			0.0	0	0.0			0	0.0
3. 2004 .....	28,005			0.0	0	0.0			0	0.0
4. 2005 .....	34,721	971		0.0	971	2.8	8		979	2.8
5. 2006 .....	34,136	26,646	407	1.5	27,053	79.3	1,799	26	28,878	84.6

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior .....	0	0	0	0	0
2.	2002 .....	0	0	0	0	0
3.	2003 .....	XXX	21,456	992	0	0
4.	2004 .....	XXX	XXX	23,822	1,042	0
5.	2005 .....	XXX	XXX	XXX	28,227	971
6.	2006 .....	XXX	XXX	XXX	XXX	26,646

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior .....	0	0	0	0	0
2.	2002 .....	0	0	0	0	0
3.	2003 .....	XXX	22,556	0	0	0
4.	2004 .....	XXX	XXX	24,924	0	0
5.	2005 .....	XXX	XXX	XXX	29,198	0
6.	2006 .....	XXX	XXX	XXX	XXX	28,281

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payment	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2002 .....	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2003 .....	25,351	0	0	0.0	0	0.0	0	0	0	0.0
3. 2004 .....	28,005	0	0	0.0	0	0.0	0	0	0	0.0
4. 2005 .....	34,721	971	0	0.0	971	2.8	8	0	979	2.8
5. 2006 .....	34,136	26,646	407	1.5	27,053	79.3	1,799	26	28,878	84.6

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
1. Unearned premium reserves .....												
2. Additional policy reserves (a) .....												
3. Reserve for future contingent benefits .....												
4. Reserve for rate credits or experience rating refunds (including \$ ..... ) for investment income .....												
5. Aggregate write-ins for other policy reserves ...												
6. Totals (Gross) .....												
7. Reinsurance ceded .....												
8. Totals (Net)(Page 3, Line 4)												
9. Present value of amounts not yet due on claims .....												
10. Reserve for future contingent benefits .....												
11. Aggregate write-ins for other claim reserves ...												
12. Totals (gross) .....												
13. Reinsurance ceded .....												
14. Totals (Net)(Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501. ....												
0502. ....												
0503. ....												
0598. Summary of remaining write-ins for Line 5 from overflow page.....												
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)												
1101. ....												
1102. ....												
1103. ....												
1198. Summary of remaining write-ins for Line 11 from overflow page .....												
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)												

(a) Includes \$ ..... premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3	4	5
	1	2			
	Claim Adjustment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ ..... for occupancy of own building) .....			241,323		241,323
2. Salary, wages and other benefits .....	240,726	117,117	2,415,366		2,773,209
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....					0
4. Legal fees and expenses .....					0
5. Certifications and accreditation fees .....					0
6. Auditing, actuarial and other consulting services ....	882		129,060		129,942
7. Traveling expenses .....		773	13,236		14,009
8. Marketing and advertising .....	318		75,091		75,409
9. Postage, express and telephone .....		9,150	72,345		81,495
10. Printing and office supplies .....	0	10,288	33,634		43,922
11. Occupancy, depreciation and amortization .....			150,837		150,837
12. Equipment .....		349	155,842		156,191
13. Cost or depreciation of EDP equipment and software .....					0
14. Outsourced services including EDP, claims, and other services .....	1,584	2,028	296,324		299,936
15. Boards, bureaus and association fees .....		24,256	26,509		50,765
16. Insurance, except on real estate .....					0
17. Collection and bank service charges .....			6,848		6,848
18. Group service and administration fees .....					0
19. Reimbursements by uninsured plans .....					0
20. Reimbursements from fiscal intermediaries .....					0
21. Real estate expenses .....					0
22. Real estate taxes .....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....					0
23.2 State premium taxes .....					0
23.3 Regulatory authority licenses and fees .....					0
23.4 Payroll taxes .....					0
23.5 Other (excluding federal income and real estate taxes) .....					0
24. Investment expenses not included elsewhere .....				625	625
25. Aggregate write-ins for expenses .....	0	0	19,991	0	19,991
26. Total expenses incurred (Lines 1 to 25) .....	243,510	163,961	3,636,406	625	(a) .....4,044,502
27. Less expenses unpaid December 31, current year ..			52,617		52,617
28. Add expenses unpaid December 31, prior year .....			47,597		47,597
29. Amounts receivable relating to uninsured plans, prior year .....					0
30. Amounts receivable relating to uninsured plans, current year .....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	243,510	163,961	3,631,386	625	4,039,482
DETAILS OF WRITE-INS					
2501. ....			19,991		19,991
2502. ....	0	0	0		0
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	0	0	19,991	0	19,991

(a) Includes management fees of \$ .....3,826,910 to affiliates and \$ ..... to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds .....	(a) .....40,194	.....41,763
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....	.....
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....	.....
5	Contract Loans .....	.....	.....
6	Cash, cash equivalents and short-term investments .....	(e) .....107,095	.....108,546
7	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income .....	147,289	150,309
11.	Investment expenses .....		(g) .....0
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....625
13.	Interest expense .....		(h) .....
14.	Depreciation on real estate and other invested assets .....		(i) .....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....625
17.	Net investment income (Line 10 minus Line 16) .....		149,684
DETAILS OF WRITE-INS			
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) .....	0	0
1501.	.....		
1502.	.....		
1503.	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above) .....		0

- (a) Includes \$ .....1,867 accrual of discount less \$ .....(9,930) amortization of premium and less \$ .....0 paid for accrued interest on purchases.
- (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.
- (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.
- (g) Includes \$. .....868 investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.
- (i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Unrealized Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				0
1.1	Bonds exempt from U.S. tax .....				0
1.2	Other bonds (unaffiliated) .....				0
1.3	Bonds of affiliates .....				0
2.1	Preferred stocks (unaffiliated) .....				0
2.11	Preferred stocks of affiliates .....				0
2.2	Common stocks (unaffiliated) .....				0
2.21	Common stocks of affiliates .....				0
3.	Mortgage loans .....				0
4.	Real estate .....				0
5.	Contract Loans .....				0
6.	Cash, cash equivalents and short-term investments .....				0
7.	Derivative instruments .....				0
8.	Other invested assets .....				0
9.	Aggregate write-ins for capital gains (losses) .....	0	0	0	0
10.	Total capital gains (losses) .....	0	0	0	0
DETAILS OF WRITE-INS					
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) .....	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			0
2.2 Common stocks .....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			0
3.2 Other than first liens .....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			0
4.2 Properties held for the production of income .....			0
4.3 Properties held for sale .....			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			0
6. Contract loans .....			0
7. Other invested assets (Schedule BA) .....			0
8. Receivables for securities .....			0
9. Aggregate write-ins for invested assets .....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	0	0	0
11. Title plants (for Title insurers only) .....			0
12. Investment income due and accrued .....			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....			0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			0
13.3 Accrued retrospective premiums .....			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....			0
14.2 Funds held by or deposited with reinsured companies .....			0
14.3 Other amounts receivable under reinsurance contracts .....			0
15. Amounts receivable relating to uninsured plans .....			0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0
16.2 Net deferred tax asset .....			0
17. Guaranty funds receivable or on deposit .....			0
18. Electronic data processing equipment and software .....			0
19. Furniture and equipment, including health care delivery assets .....			0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0
21. Receivable from parent, subsidiaries and affiliates .....			0
22. Health care and other amounts receivable .....	0	1,133,117	1,133,117
23. Aggregate write-ins for other than invested assets .....	1,195,787	0	(1,195,787)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	1,195,787	1,133,117	(62,670)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0
26. Total (Lines 24 and 25) .....	1,195,787	1,133,117	(62,670)
DETAILS OF WRITE-INS			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above) .....	0	0	0
2301. Due from University of Michigan .....	1,087,735	0	(1,087,735)
2302. Prepaid Expenses .....	357	0	(357)
2303. Prepaid Capitation .....	107,695	0	(107,695)
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) .....	1,195,787	0	(1,195,787)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	17,807	17,852	17,632	17,665	17,929	213,963
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	17,807	17,852	17,632	17,665	17,929	213,963
DETAILS OF WRITE-INS						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## A. Accounting Practices

The financial statements of M-CAID are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services ("OFIS").

OFIS recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual*, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP.

A reconciliation of M-CAID's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below (in thousands):

	2006	2005
Net (Loss) Income, Michigan basis	\$ (100,113)	\$ 594,527
<b>State Prescribed Practices:</b>		
None	-	-
<b>State Permitted Practices:</b>		
None	-	-
Net (Loss) Income, NAIC SAP basis	<u>\$ (100,113)</u>	<u>\$ 594,527</u>
Statutory Capital and Surplus, Michigan basis	\$ 1,873,929	\$ 2,036,713
<b>State Prescribed Practices:</b>		
None	-	-
<b>State Permitted Practices:</b>		
None	-	-
Statutory Capital and Surplus, NAIC SAP basis	<u>\$ 1,873,929</u>	<u>\$ 2,036,713</u>

## B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements, in conformity with Statutory Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## C. Accounting Policy

M-CAID uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific interest method.

- (3) Common Stocks – NOT APPLICABLE
- (4) Preferred Stocks – NOT APPLICABLE
- (5) Mortgage loans on real estate – NOT APPLICABLE
- (6) Loan-backed securities – NOT APPLICABLE
- (7) Investments in subsidiaries, controlled and affiliated companies – NOT APPLICABLE
- (8) Investments in joint ventures, partnerships and limited liability companies – NOT APPLICABLE
- (9) Derivatives – NOT APPLICABLE
- (10) At December 31, 2006, M-CAID was not required to record a premium deficiency reserve. If the need to record such a reserve arises, M-CAID would consider using anticipated investment income as a factor in the premium deficiency calculation.
- (11) Claims Unpaid – The claims unpaid liability for incurred but unpaid and unreported hospital and medical claims is accrued in the period during which the services are provided, and includes actuarial estimates of services performed which have not been reported by providers to M-CAID. Such estimates are based on historical claims experience modified for current trends and changes in benefits provided. Revisions in actuarial estimates are reported in the period in which they arise. Processing expense related to claims is accrued based on an estimate of expenses to process such claims.
- (12) At December 31, 2006, M-CAID had no change in its capitalization policy from the prior period.
- (13) Pharmaceutical rebate receivables are based on estimates received from a third party vendor and an amount per filled prescription.

2. Accounting Changes and Corrections of Errors

**2005 annual statement presentation error**

In preparing the 2006 annual statement, M-CAID's management found a presentation error in the 2005 annual statement that, while not having an effect on the 2005 net income, did not follow NAIC SAP instructions and resulted in the incorrect presentation of categories in the *Annual Statement*. Hospital and medical expenses included the change from the prior year in the liability for unpaid claims adjustment expense of \$3,178 which should have been included in claims adjustment expense. Restated 2005 hospital and medical expenses and claims adjustment expense is \$29,201,922 and \$253,220, respectively.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method – NOT APPLICABLE
- B. Statutory Merger – NOT APPLICABLE
- C. Assumption Reinsurance – NOT APPLICABLE
- D. Impairment Loss – NOT APPLICABLE

4. Discontinued Operations – NOT APPLICABLE

5. Investments

- A. Mortgage Loans – NOT APPLICABLE
  - B. Debt Restructuring – NOT APPLICABLE
  - C. Reverse Mortgages – NOT APPLICABLE
  - D. Loan-Backed Securities – NOT APPLICABLE
  - E. Repurchase Agreements – NOT APPLICABLE
  - F. Real Estate – NOT APPLICABLE
  - G. Investments in low-income housing tax credits (LIHTC) – NOT APPLICABLE
6. Joint Ventures, Partnerships and Limited Liability Companies – NOT APPLICABLE.
7. Investment Income - M-CAID had no non-admitted accrued investment income as of December 31, 2006 and 2005, respectively. M-CAID excludes from surplus any due and accrued income that is over 90 days past due.
8. Derivative Instruments – NOT APPLICABLE
9. Income Taxes – M-CAID has been recognized by the Internal Revenue Service under Internal Revenue Code Section 501(c)(4) as an organization exempt from tax under 501(a). M-CAID has no unrelated business income subject to tax.
10. Information Concerning Parent, Subsidiaries and Affiliates

On December 31, 2006, M-CAID and its parent, M-CARE, were purchased by Blue Care Network of Michigan ("BCN") from The Regents of The University of Michigan (The Regents). M-CAID remained a wholly-owned subsidiary of M-CARE, while M-CARE became a wholly-owned subsidiary of BCN. Both M-CAID and M-CARE are Health Maintenance Organizations ("HMO") licensed by the State of Michigan. M-CAID was incorporated in 2002 and commenced business in 2003 to separate Medicaid HMO operations and financing from M-CARE. It offers Medicaid HMO services to members in three counties in Southeast Michigan.

M-CAID conducts business transactions with its parent, M-CARE, on a routine basis. All related party receivable and payable balances were classified as either amounts due to or from parent, subsidiaries and affiliates.

#### **University of Michigan Relationship**

Prior to being acquired by BCN on December 31, 2006, M-CAID's parent, M-CARE, was a wholly-owned subsidiary of the University of Michigan ("The University") and was one of four University units that together comprised the University of Michigan Health System ("UMHS"). Along with M-CARE, the "UMHS" included the University of Michigan Hospitals and Health Centers, the University of Michigan Medical School, and Michigan Health Corporation.

M-CARE provides and bills M-CAID for miscellaneous administrative support. M-CARE billed M-CAID \$3,826,910 and \$2,640,606 for 2006 and 2005, respectively. M-CAID owed M-CARE \$0 at December 31, 2006 and 2005.

Administrative support fees paid to M-CARE were allocated to the statutory administrative expense categories of cost containment, claims adjustment, general administrative and investment expense, based on M-CARE's statutory administrative expense categories. These statutory administrative expense categories were further allocated to detailed expense accounts also based on M-CARE's expense detail.

**Healthcare provided** - M-CARE, on behalf of M-CAID, arranges for healthcare services to be provided through the "UMHS" and a comprehensive network of hospitals, physicians, and other healthcare providers.

Based on contractual arrangements with the University of Michigan Hospitals and Health Centers and Faculty Group Practice, M-CAID paid capitation to the University of \$27,617,185 in 2006 and \$29,269,054 in 2005, respectively.

M-CAID does not guarantee or undertake for the benefit of an affiliate a material contingent exposure of M-CAID's or any affiliated insurer's assets or liabilities.

M-CAID does not have management or service contracts or cost sharing arrangements, other than such arrangements described in these footnotes.

M-CAID does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

M-CARE and M-CAID have some common officers and board members on their respective governing boards.

11. Debt - NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans – NOT APPLICABLE

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.

(1) M-CAID is a non-stock membership corporation. No stock is issued.

(2) Preferred stock – NOT APPLICABLE

(3) The Company's Articles of Incorporation do not prohibit dividends.

(4) The Company's Articles of Incorporation do not allow any portion of the net earnings to benefit any private individual.

(5) There were no restrictions placed on M-CAID's surplus, including for whom the surplus is being held.

(6) The total amount of advances to surplus not repaid – NOT APPLICABLE

(7) The amount of stock held by M-CAID for special purposes – NOT APPLICABLE

(8) Special surplus funds changes – NOT APPLICABLE

(9) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses were \$0.

(10) Surplus debentures of similar obligations – NOT APPLICABLE

(11) Impact of any restatement due to quasi-reorganization – NOT APPLICABLE

(12) Effective dates of all quasi-reorganizations in the prior 10 years is/are – NOT APPLICABLE

14. Contingencies

A. Contingent Commitments – NOT APPLICABLE

B. Assessments – NOT APPLICABLE

C. Gain Contingencies – NOT APPLICABLE

D. All Other Contingencies

M-CAID and its affiliated physicians are parties to lawsuits incidental to the operations of the M-CAID. Management believes that the ultimate disposition of such contingencies will not have a material effect on the accompanying financial statements.

15. Leases

A. Lessee Operating Lease – NOT APPLICABLE

B. Lessor Leases – NOT APPLICABLE

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk – NOT APPLICABLE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – NOT APPLICABLE

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans – NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – NOT APPLICABLE

20. September 11 Events – NOT APPLICABLE

21. Other Items

A. Extraordinary Items – NOT APPLICABLE

B. Troubled Debt Restructuring – NOT APPLICABLE

C. Other Disclosures

**Statutory Deposit** - As a condition of licensure with the State of Michigan, M-CAID is required to maintain a minimum deposit of \$1,000,000 in a segregated account. These funds can only be used by M-CAID at the direction of the Insurance Commissioner of the State of Michigan. The funds are invested in U.S. Treasury Notes with interest accruing in a Money Market Mutual Fund.

D. Other Disclosures, Uncollectible Assets on Uninsured plans – NOT APPLICABLE

E. Business Interruption Insurance Recoveries – NOT APPLICABLE

F. Hybrid Securities – NOT APPLICABLE

G. State Transferable Tax Credits - NOT APPLICABLE

H. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – NOT APPLICABLE

22. Events Subsequent – Starting on January 1, 2007, M-CAID has reinsured certain of its claims liabilities through an affiliate, Blue Care Network Stop-Loss and Casualty Self-Insurance Trust. The coverage consists of medical claims stop-loss coverage of up to the limits of trust assets after a \$150,000 deductible and insolvency coverage.

23. Reinsurance

A) Ceded Reinsurance Report

Section 1 - General Interrogatories

1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No (X)

If yes, give full details.

2. Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

1. Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

a.) If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. NOT APPLICABLE

b.) What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? NOT APPLICABLE

2. Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

The estimated effect on M-CAID total capital and surplus would be \$0.

2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? NOT APPLICABLE

B) Uncollectible Reinsurance - None

C) Commutation of Ceded Reinsurance - None

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination – NOT APPLICABLE

25. Change in Incurred Losses and Loss Adjustment Expenses -  
Activity in the liabilities for unpaid claims and claims adjustment expenses at December 31, 2006 and 2005, respectively is summarized as follows:

	<b>2006</b>	<b>2005</b>
BALANCE—January 1	\$ 1,177,742	\$ 1,285,964
Incurred related to:		
Current year	28,853,118	29,508,241
Prior year	<u>(164,609)</u>	<u>(53,099)</u>
Total incurred	28,688,509	29,455,142
Paid related to:		
Current year	27,027,510	28,483,621
Prior year	<u>1,005,472</u>	<u>1,079,743</u>
Total paid	<u>28,032,982</u>	<u>29,563,364</u>
BALANCE—December 31	<u>\$ 1,833,269</u>	<u>\$ 1,177,742</u>
Balance at December 31:		
Liability for claims unpaid	\$ 1,806,861	\$ 1,143,008
Liability for unpaid claims adjustment expenses	<u>26,408</u>	<u>34,734</u>
Total	<u>\$ 1,833,269</u>	<u>\$ 1,177,742</u>

Changes in actuarial estimates of claims unpaid reported as “incurred related to prior year” in the schedule above reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

26. Inter-company Pooling Arrangements – NOT APPLICABLE

27. Structured Settlements – NOT APPLICABLE

## 28. Health Care Receivables—

Healthcare receivables include pharmacy rebates M-CAID receives from a third party vendor. These rebates are calculated using estimates received from a third party vendor and an amount per filled prescription. Activity for the previous three years is summarized as follows:

Quarter	(1) Estimated Pharmacy Rebates as Reported on Financial Statements	(2) Pharmacy Rebates as Billed or Otherwise Confirmed	(3) Actual Rebates Received Within 90 days of Billing	(4) Actual Rebates Received Within 91 to 180 Days of Billing	(5) Actual Rebates Received More Than 180 Days After Billing
12/31/2006	\$ 96,346	-	-	-	-
9/30/2006	93,000	-	-	-	-
6/30/2006	67,000	-	-	-	-
3/31/2006	-	-	-	-	\$ 25,342
12/31/2005	49,000	-	-	-	93,390
9/30/2005	33,000	-	-	-	80,583
6/30/2005	57,000	-	-	-	104,690
3/31/2005	56,000	-	-	-	107,688
12/31/2004	64,000	-	-	-	64,000
9/30/2004	107,000	-	-	-	107,000
6/30/2004	-	-	-	-	-
3/31/2004	164,000	-	-	-	164,000

## 29. Participating Policies – NOT APPLICABLE

## 30. Premium Deficiency Reserves –

M-CAID was not required to record a premium deficiency reserve in 2006 or 2005. If the need to record such a reserve arises, M-CAID would consider using anticipated investment income as a factor in the premium deficiency calculation.

## 31. Anticipated Salvage and Subrogation – NOT APPLICABLE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....	1,160,632	67.107	1,160,632	67.107
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		0.000		0.000
1.22 Issued by U.S. government sponsored agencies .....		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :				
1.41 States, territories and possessions general obligations .....		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		0.000		0.000
1.513 All other .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		0.000		0.000
1.523 All other .....		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		0.000		0.000
2.2 Unaffiliated foreign securities .....		0.000		0.000
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
4.6 Mezzanine real estate loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000		0.000
5.2 Property held for the production of income (including \$ ..... of property acquired in satisfaction of debt) .....		0.000		0.000
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt) .....		0.000		0.000
6. Contract loans .....		0.000		0.000
7. Receivables for securities .....		0.000	0	0.000
8. Cash, cash equivalents and short-term investments .....	568,891	32.893	568,892	32.893
9. Other invested assets .....		0.000		0.000
10. Total invested assets	1,729,523	100.000	1,729,524	100.000

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2003

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/30/2005

3.4

By what department or departments?  
Michigan Office of Financial Services and Insurance

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business?  
4.12 renewals?

Yes ☐ No ☒  
Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business?  
4.22 renewals?

Yes ☐ No ☒  
Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,  
7.21 State the percentage of foreign control;  
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

%

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? .....

Yes [ ] No [ X ]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms? .....

Yes [ ] No [ X ]
- 8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche LLP, Suite 900, 600 Renaissance Center, Detroit, MI 48243-1895
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Martin E. Staehlin, FSA, MAAA, Consulting Actuary, c/o PricewaterhouseCoopers LLP, 1 North Wacker Dr., Chicago, IL 60606
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? .....

Yes [ ] No [ X ]
- 11.11

Name of real estate holding company .....
- 11.12

Number of parcels involved .....
- 11.13

Total book/adjusted carrying value .....

\$ .....
- 11.2

If, yes provide explanation:
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? .....

Yes [ ] No [ ]
- 12.3

Have there been any changes made to any of the trust indentures during the year? .....

Yes [ ] No [ ]
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? .....

Yes [ ] No [ ] N/A [ ]

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? .....

Yes [ X ] No [ ]
14.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? .....

Yes [ X ] No [ ]
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? .....

Yes [ X ] No [ ]

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers.....

\$ .....

16.12 To stockholders not officers.....

\$ .....

16.13 Trustees, supreme or grand (Fraternal Only) .....

\$ .....
- 16.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers.....

\$ .....

16.22 To stockholders not officers.....

\$ .....

16.23 Trustees, supreme or grand (Fraternal Only) .....

\$ .....
- 17.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? .....

Yes [ ] No [ X ]
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others.....

\$ .....

17.22 Borrowed from others.....

\$ .....

17.23 Leased from others .....

\$ .....

17.24 Other .....

\$ .....
- 18.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? .....

Yes [ ] No [ X ]
- 18.2

If answer is yes,

18.21 Amount paid as losses or risk adjustment \$ .....

18.22 Amount paid as expenses .....

\$ .....

18.23 Other amounts paid .....

\$ .....
- 19.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? .....

Yes [ ] No [ X ]
- 19.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount? .....

\$ .....0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

GENERAL INTERROGATORIES

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? ..... Yes [ X ] No [ ]

20.2 If no, give full and complete information relating thereto:

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1). ..... Yes [ ] No [ X ]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others .....\$ .....

21.22 Subject to repurchase agreements .....\$ .....

21.23 Subject to reverse repurchase agreements .....\$ .....

21.24 Subject to dollar repurchase agreements .....\$ .....

21.25 Subject to reverse dollar repurchase agreements .....\$ .....

21.26 Pledged as collateral .....\$ .....

21.27 Placed under option agreements .....\$ .....

21.28 Letter stock or other securities restricted as to sale .....\$ .....

21.29 Other .....\$ .....

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] N/A [ X ]  
If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]

23.2 If yes, state the amount thereof at December 31 of the current year. ....\$ .....

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.J - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Nature of Custodian(s)	2 Custodian's Address
Mellon Bank .....	135 Santilli Hwy.; Everett, MA 02149 .....
.....	.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....
.....	.....	.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [ ] No [ X ]

24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....
.....	.....	.....	.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....	.....	.....
.....	.....	.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)]? Yes [ ] No [ X ]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
25.2999 - Total		0

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....	.....	.....	.....

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds .....	1,911,383	1,903,022	(8,361)
26.2 Preferred stocks .....			0
26.3 Totals	1,911,383	1,903,022	(8,361)

26.4 Describe the sources or methods utilized in determining the fair values:  
Fair values are provided by Mellon Bank via detailed investment reports received

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [ X ] No [ ]

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

29.1 Amount of payments for legal expenses, if any? .....\$ .....

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force? .....

Yes [ ] No [ X ]

1.2

If yes, indicate premium earned on U. S. business only .....

\$ .....

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....

\$ .....

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ....

\$ .....

1.5

Indicate total incurred claims on all Medicare Supplement Insurance. ....

\$ .....

1.6

Individual policies:

Most current three years:

1.61

Total premium earned .....

\$ .....

1.62

Total incurred claims .....

\$ .....

1.63

Number of covered lives .....

.....

All years prior to most current three years

1.64

Total premium earned .....

\$ .....

1.65

Total incurred claims .....

\$ .....

1.66

Number of covered lives .....

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned .....

\$ .....

1.72

Total incurred claims .....

\$ .....

1.73

Number of covered lives .....

.....

All years prior to most current three years

1.74

Total premium earned .....

\$ .....

1.75

Total incurred claims .....

\$ .....

1.76

Number of covered lives .....

.....

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator .....

34, 131, 561

34, 721, 256

2.2

Premium Denominator .....

34, 131, 561

34, 721, 256

2.3

Premium Ratio (2.1/2.2) .....

1.000

1.000

2.4

Reserve Numerator .....

1, 806, 861

1, 143, 008

2.5

Reserve Denominator .....

1, 806, 861

1, 143, 008

2.6

Reserve Ratio (2.4/2.5) .....

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? .....

Yes [ ] No [ X ]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? .....

Yes [ X ] No [ ]

4.2

If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? .....

Yes [ ] No [ ]

5.1

Does the reporting entity have stop-loss reinsurance? .....

Yes [ ] No [ X ]

5.2

If no, explain

M-CAID has a full risk arrangement with University of Michigan Hospital System

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical .....

\$ .....

5.32

Medical Only .....

\$ .....

5.33

Medicare Supplement .....

\$ .....

5.34

Dental .....

\$ .....

5.35

Other Limited Benefit Plan .....

\$ .....

5.36

Other .....

\$ .....

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

M-CAID currently has an insolvency arrangement with Allianz Life Insurance Company for insolvency protection .....

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?.....

Yes [ X ] No [ ]

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year .....

1, 379

8.2

Number of providers at end of reporting year .....

1, 448

9.1

Does the reporting entity have business subject to premium rate guarantees? .....

Yes [ ] No [ X ]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months..\$.....

9.22

Business with rate guarantees over 36 months .....

\$ .....

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

GENERAL INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [ ] No [ X ]

10.2

If yes:

10.21

Maximum amount payable bonuses.....

\$ .....

10.22

Amount actually paid for year bonuses.....

\$ .....

10.23

Maximum amount payable withholds.....

\$ .....

10.24

Amount actually paid for year withholds.....

\$ .....

11.1

Is the reporting entitiy organized as:

11.12

A Medical Group/Staff Model, .....

Yes [ ] No [ X ]

11.13

An Individual Practice Association (IPA), or, .

Yes [ X ] No [ ]

11.14

A Mixed Model (combination of above)? .....

Yes [ ] No [ X ]

11.2

Is the reporting entity subject to Minimum Net Worth Requirements? .....

Yes [ X ] No [ ]

11.3

If yes, show the name of the state requiring such net worth .....

Michigan

11.4

If yes, show the amount required .....

\$ 1,365,434

11.5

Is this amount included as part of a contingency reserve in stockholder's equity? .....

Yes [ ] No [ X ]

11.6

If the amount is calculated, show the calculation

4% of written premium: \$34,135,842 x 4% = \$1,365,434

12.

List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Washtenaw County, Livingston County, and the following zip codes within Wayne County(48111,48152,48167,48170,48187,48188) .....
.....

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

## FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
<b>BALANCE SHEET</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26) .....	3,759,815	3,367,368	3,324,291	3,185,888	1,048,319
2. Total liabilities (Page 3, Line 22) .....	1,885,886	1,330,655	1,265,820	1,121,824	0
3. Statutory surplus .....	1,365,434				
4. Total capital and surplus (Page 3, Line 31) .....	1,873,929	2,036,713	2,058,471	2,064,064	1,048,319
<b>INCOME STATEMENT</b> (Page 4)					
5. Total revenues (Line 8) .....	32,075,118	32,560,298	28,005,173	25,351,157	0
6. Total medical and hospital expenses (Line 18) .....	28,281,038	29,198,744	24,924,226	22,556,000	0
7. Claims adjustment expenses (Line 20) .....	407,471	256,398	230,389	0	0
8. Total administrative expenses (Line 21) .....	3,636,406	2,594,589	2,459,029	2,445,239	0
9. Net underwriting gain (loss) (Line 24) .....	(249,797)	510,567	391,529	349,918	0
10. Net investment gain (loss) (Line 27) .....	149,684	83,960	83,589	55,808	(1,681)
11. Total other income (Lines 28 plus 29) .....	0	0	0	0	0
12. Net income or (loss) (Line 32) .....	(100,113)	594,527	475,118	405,726	(1,681)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
13. Total adjusted capital .....	1,873,929	2,036,713	2,058,471	2,064,064	1,987,916
14. Authorized control level risk-based capital .....	833,103	848,880	751,578	717,095	652,854
<b>ENROLLMENT</b> (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7) .....	17,929	17,807	16,731	15,040	0
16. Total members months (Column 6, Line 7) .....	213,963	209,527	190,408	178,205	0
<b>OPERATING PERCENTAGE</b> (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	82.9	84.1	84.0	85.5	0.0
19. Cost containment expenses .....	0.7	0.4	0.5	XXX	XXX
20. Other claims adjustment expenses .....	0.5	0.3	0.3	0.0	0.0
21. Total underwriting deductions (Line 23) .....	94.7	92.3	93.0	94.8	0.0
22. Total underwriting gain (loss) (Line 24) .....	(0.7)	1.5	1.3	1.3	0.0
<b>UNPAID CLAIMS ANALYSIS</b> (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5) .....	978,399	1,194,953	1,011,733	0	0
24. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	1,143,008	1,248,052	1,099,769	0	0
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....				0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....				0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....	0	0	0	0	0
29. Affiliated mortgage loans on real estate .....					
30. All other affiliated .....					
31. Total of above Lines 25 to 30 .....	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States .....	1, 160, 633	1, 152, 271	1, 148, 757	1, 041, 731
	2. Canada .....				
	3. Other Countries .....				
	4. Totals	1, 160, 633	1, 152, 271	1, 148, 757	1, 041, 731
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....				
	14. Canada .....				
	15. Other Countries .....				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....				
	22. Canada .....				
	23. Other Countries .....				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	1, 160, 633	1, 152, 271	1, 148, 757	1, 041, 731
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	1, 160, 633	1, 152, 271	1, 148, 757	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year .....1, 108, 641	7. Amortization of premium .....(9, 930)
2. Cost of bonds and stocks acquired, Col. 7, Part 3 .....40, 195	8. Foreign Exchange Adjustment:
3. Accrual of discount .....1, 867	8.1 Col. 15, Part 1 .....0
4. Increase (decrease) by adjustment:	8.2 Col. 19, Part 2, Sec. 1 .....
4.1 Col. 12 - 14, Part 1 .....0	8.3 Col. 16, Part 2, Sec. 2 .....
4.2 Col. 15 - 17, Part 2, Sec. 1 .....0	8.4 Col. 15, Part 4 .....0
4.3 Col. 15, Part 2, Sec. 2 .....	9. Book/adjusted carrying value at end of current period .....1, 160, 633
4.4 Col. 11 - 13, Part 4 .....0	10. Total valuation allowance .....
5. Total gain (loss), Col. 19, Part 4 .....	11. Subtotal (Lines 9 plus 10) .....1, 160, 633
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	12. Total nonadmitted amounts .....0
	13. Statement value of bonds and stocks, current period .....1, 160, 633

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
States, etc.	1	2	Direct Business Only					
			3	4	5	6	7	8
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1. Alabama .....	AL	NO						
2. Alaska .....	AK	NO						
3. Arizona .....	AZ	NO						
4. Arkansas .....	AR	NO						
5. California .....	CA	NO						
6. Colorado .....	CO	NO						
7. Connecticut .....	CT	NO						
8. Delaware .....	DE	NO						
9. District of Columbia .....	DC	NO						
10. Florida .....	FL	NO						
11. Georgia .....	GA	NO						
12. Hawaii .....	HI	NO						
13. Idaho .....	ID	NO						
14. Illinois .....	IL	NO						
15. Indiana .....	IN	NO						
16. Iowa .....	IA	NO						
17. Kansas .....	KS	NO						
18. Kentucky .....	KY	NO						
19. Louisiana .....	LA	NO						
20. Maine .....	ME	NO						
21. Maryland .....	MD	NO						
22. Massachusetts .....	MA	NO						
23. Michigan .....	MI	YES			34,135,842			
24. Minnesota .....	MN	NO						
25. Mississippi .....	MS	NO						
26. Missouri .....	MO	NO						
27. Montana .....	MT	NO						
28. Nebraska .....	NE	NO						
29. Nevada .....	NV	NO						
30. New Hampshire .....	NH	NO						
31. New Jersey .....	NJ	NO						
32. New Mexico .....	NM	NO						
33. New York .....	NY	NO						
34. North Carolina .....	NC	NO						
35. North Dakota .....	ND	NO						
36. Ohio .....	OH	NO						
37. Oklahoma .....	OK	NO						
38. Oregon .....	OR	NO						
39. Pennsylvania .....	PA	NO						
40. Rhode Island .....	RI	NO						
41. South Carolina .....	SC	NO						
42. South Dakota .....	SD	NO						
43. Tennessee .....	TN	NO						
44. Texas .....	TX	NO						
45. Utah .....	UT	NO						
46. Vermont .....	VT	NO						
47. Virginia .....	VA	NO						
48. Washington .....	WA	NO						
49. West Virginia .....	WV	NO						
50. Wisconsin .....	WI	NO						
51. Wyoming .....	WY	NO						
52. American Samoa .....	AS	NO						
53. Guam .....	GU	NO						
54. Puerto Rico .....	PR	NO						
55. U.S. Virgin Islands .....	VI	NO						
56. Northern Mariana Islands .....	MP	NO						
57. Canada .....	CN	NO						
58. Aggregate Other Aliens .....	OT	XXX	0	0	0	0	0	0
59. Subtotal .....	XXX	XXX	0	0	34,135,842	0	0	0
60. Reporting Entity Contributions for Employee Benefit Plans .....	XXX	XXX						
61. Total (Direct Business) .....	XXX	(a) 1	0	0	34,135,842	0	0	0
DETAILS OF WRITE-INS								
5801. ....	XXX	XXX						
5802. ....	XXX	XXX						
5803. ....	XXX	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page .....	XXX	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 plus 5898)(Line 58 above) .....	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.

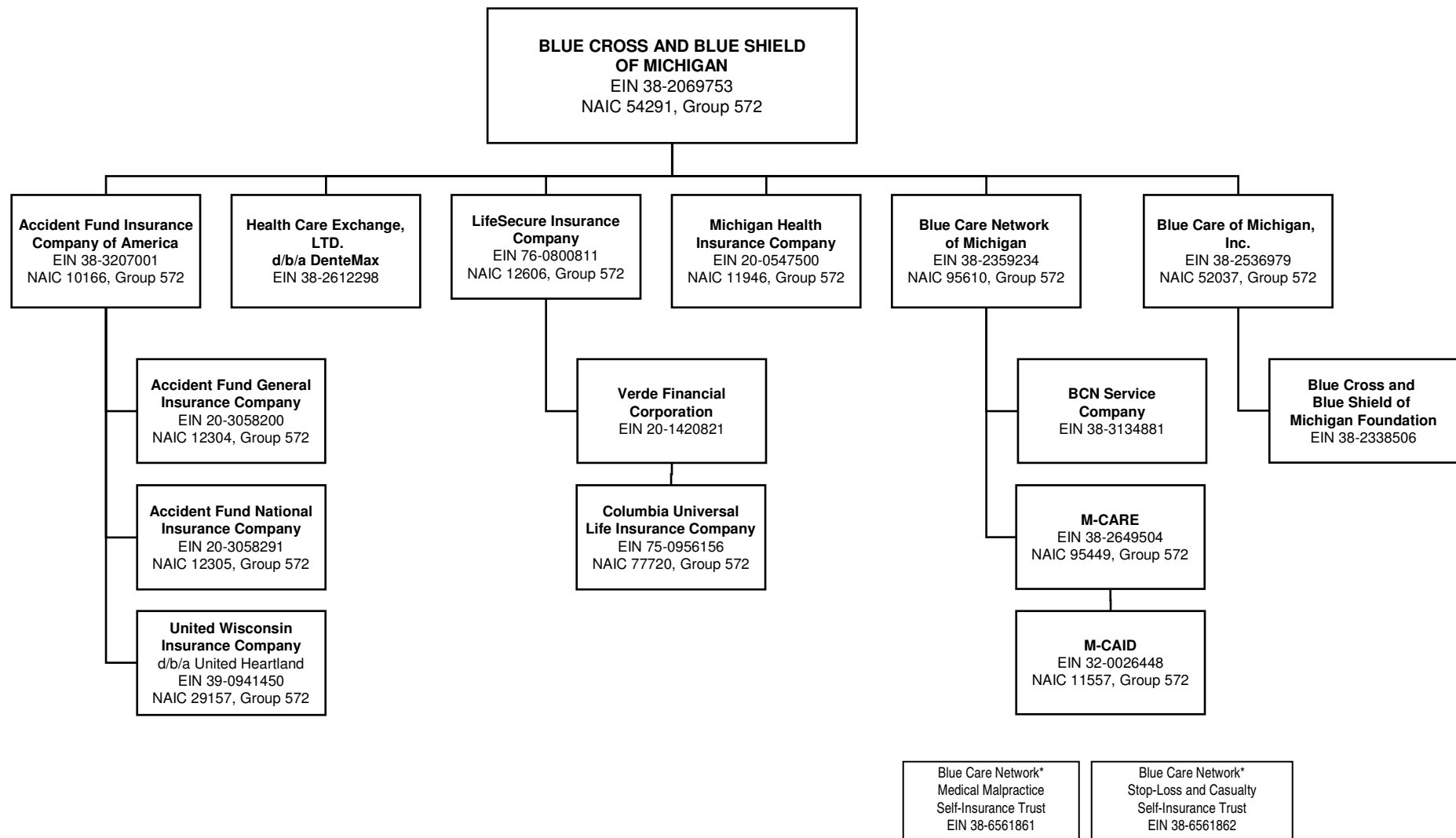
(a) Insert the number of yes responses except for Canada and Other Alien.



A nonprofit corporation and independent licensee  
of the Blue Cross and Blue Shield Association

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP PART 1 – ORGANIZATIONAL CHART

**SUBSIDIARY & AFFILIATE ORGANIZATION CHART**



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE M-CAID

**OVERFLOW PAGE FOR WRITE-INS**